

Message Text

PAGE 01 NATO 00067 081424Z

51

ACTION EUR-25

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SUBJECT: GOVERNMENTAL QUALITY ASSURANCE SERVICES TO BE PROVIDED
FOR NICS PROJECTS

REFS: A. NICSMA/HB(73)191, 10 DEC 73

B. STANAG 4107, 14 AUG 67

SUMMARY: NICSMA REQUESTS NATIONS TO PROVIDE QUALITY ASSURANCE
SERVICES FREE OF CHARGE. ACTION REQUESTED: GUIDANCE. END
SUMMARY.

1. IN REF A NICSMA REQUESTS, THAT WITHIN FRAMEWORK OF INFRASTRUCTURE
COMMITTEE, NATIONS PROVIDE QUALITY ASSURANCE FREE OF CHARGE
TO NATO FOR ALL PROJECTS FOR WHICH NICSMA MAY REQUEST SUCH
SERVICES IN ITS CAPACITY AS HOST NATION.

2. QUESTION HAS BASICALLY TWO PARTS (A) QUALITY ASSURANCE FOR
ELECTRONIC EQUIPMENT BUILT BY INDUSTRY OF A COUNTRY, AND (B)
QUALITY ASSURANCE FOR INSTALLATIONS (CIVIL WORKS) WITHIN A
COUNTRY.

UNCLASSIFIED

PAGE 02 NATO 00067 081424Z

3. HISTORICALLY, US HAS SUPPORTED "DETAILS OF AGREEMENT"
CONCERNING "MUTUAL ACCEPTANCE OF GOVERNMENT QUALITY ASSURANCE"
AS SET FORTH IN REF B WITH THE EXCEPTION OF PARA 14 OF REF B
CONCERNING LEVYING OF CHARGES (US, UK, DENMARK AND FRANCE

RESERVED ON PARA 14).

4. IT IS ANTICIPATED THAT US INDUSTRY WILL ACHIEVE APPROXIMATELY 50 PERCENT OF NICS HARDWARE. IF PERCENTAGE IS ACHIEVED FOR HARDWARE THEN IT WILL COST US AT LEAST TWICE AS MUCH TO PROVIDE QUALITY ASSURANCE SERVICES DIRECTLY FUNDED FROM US RATHER THAN THROUGH COMMON FUNDING. EXAMPLE: USING HISTORICAL QUALITY ASSURANCE COST DATE (0.6 PERCENT) FROM NADGE PROJECT AND ASSUMING \$600M FOR TOTAL NICS PROGRAM WITH 80 PERCENT OF PROGRAM ESTIMATED AS HARDWARE (PARA 2(A) ABOVE) (A) COST TO US IF QUALITY ASSURANCE PROVIDED BY US FOR 50 PERCENT OF EQUIPMENT (\$240M) IS ESTIMATED TO BE \$1.44M, (B) COST TO US IF QUALITY ASSURANCE FUNDED THROUGH INFRASTRUCTURE WITH US CONTRIBUTION OF 20 PERCENT IS ESTIMATED TO BE \$.58M. END EXAMPLE.

5. IN RELATION TO FUNDING OF QUALITY ASSURANCE SERVICES FOR INSTALLATION (CIVIL WORKS IN US), IT IS MOST PROBABLY IN BEST INTEREST OF US TO PROVIDE THESE SERVICES FREE DUE TO LIMITED NUMBER OF US INSTALLATIONS IN NICS SINCE US COST WILL BE APPROXIMATELY ONE-FOURTH AS MUCH TO PROVIDE QUALITY ASSURANCE SERVICES FOR INSTALLATION DIRECTLY FROM US RATHER THAN THROUGH COMMON FUNDING. EXAMPLE: USING SAME COST DATE AS EXAMPLE IN PARA 4 AND ASSUMING US INSTALLATIONS TO BE 5 PERCENT OF NICS INSTALLATIONS (A) COST TO US IF QUALITY ASSURANCE SERVICES FOR INSTALLATION IS PROVIDED BY US FOR US INSTALLATIONS IS ESTIMATED TO BE \$.036M, (B) COST TO US IF QUALITY ASSURANCE SERVICES FOR INSTALLATION IS FUNDED THROUGH INFRASTRUCTURE WITH US CONTRIBUTIONS OF 20 PERCENT IS ESTIMATED TO BE \$.144M. END EXAMPLE. US SHOULD ATTEMPT TO CONVINCE OTHER NATIONS TO PROVIDE SIMILAR SERVICES FOR INSTALLATION. THIS WOULD BE HIGHLY BENEFICIAL TO US SINCE APPROXIMATELY 95 PERCENT OF NICS INSTALLATIONS WILL BE LOCATED OUTSIDE US. COMMENT: IF THIS CANNOT BE ACHIEVED, US WOULD HAVE TO PAY NORMAL PORTION THROUGH COMMON FUNDING FOR QUALITY ASSURANCE FOR ALL CIVIL WORKS. END COMMENT.

UNCLASSIFIED

PAGE 03 NATO 00067 081424Z

6. HISTORICALLY, THE POSITIONS AS DESCRIBED IN PARAS 4 AND 5 ARE IN ACCORDANCE WITH US POSITIONS ON QUALITY ASSURANCE SERVICES UTILIZED FOR HARDWARE PROCUREMENT IN NADGE (COST OF US QUALITY ASSURANCE WAS REIMBURSED THROUGH INFRASTRUCTURE) AND QUALITY ASSURANCE SERVICE FOR INSTALLATION ON SATCOM PHASE II GROUND TERMINALS (COST OF US QUALITY ASSURANCE FOR INSTALLATION OF US STATIONS WAS PAID BY US).

7. REQUESTED ACTION: REQUEST WASHINGTON APPROVAL TO:

- A. NOT, REPEAT NOT, AGREE TO US PROVIDING FREE QUALITY ASSURANCE SERVICES FOR NICS HARDWARE PROCUREMENT IN US.
- B. AGREE TO PROVIDE FREE QUALITY ASSURANCE SERVICES BY US FOR NICS INSTALLATIONS IN US.
- C. PROPOSE THAT OTHER COUNTRIES ACCEPT SIMILAR POLICY

AS DESCRIBED IN 7A AND 7B ABOVE.

IF PROPOSALS ARE UNACCEPTABLE PLEASE PROVIDE GUIDANCE.
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